

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:2375

ANSWERED ON:12.03.2013

OVERSEAS COAL MINES

Deo Shri Kalikesh Narayan Singh;Pangi Shri Jayaram

Will the Minister of COAL be pleased to state:

- (a) whether the Coal India Limited (CIL) proposes to acquire coal mines in other countries including South Africa;
- (b) if so, the details thereof;
- (c) the funds earmarked for the acquisition of overseas coal mines; and
- (d) the details of the steps taken by the Government to ensure fair dealings by the CIL in acquiring such overseas coal mines?

Answer

MINISTER OF STATE IN THE MINISTRY OF COAL (SHRI PRATIK PRAKASHBAPU PATIL)

(a) to (b):Coal India Limited (CIL) had floated an expression of interest for selection of strategic partners from four countries namely Indonesia, South Africa, Australia and USA in July, 2009. After evaluation some of the proposals were short listed and due diligence activities were carried out for 3 brown-field coal assets from listed companies one each in Indonesia, Australia and USA in May-June 2010. After seeking some clarifications from the Government regarding investing in unlisted assets belonging to listed companies and the minimum internal rate of return (IRR%), the matter was pursued in CIL but none of the assets short-list could be acquired.

CIL has acquired prospecting license for two coal blocks in Mozambique through a wholly owned subsidiary Coal India Africana Limitada (CIAL) formed in Mozambique. A multi-disciplinary team of four senior executives have been posted in Mozambique since February 2012 and they have opened up office of Coal India Africana Limitada (CIAL) in Tete since March 2012. Upon obtaining environmental clearance for exploration activities, drilling activities have been started since November 2012 and about 3100 m drilling has been carried out till date. The geological mapping works of the coal concession area and majority of survey work have also been completed.

CIL has executed a Memorandum of Understanding with Provincial Govt. of Limpopo, Republic of South Africa with ultimate objective of development of coal assets in Limpopo. Initiatives have been taken for registration of a Wholly Owned Subsidiary of CIL in South Africa which will undertake activities of identification, exploration and development of coal assets in South Africa including those in Limpopo.

Further, CIL has recently floated expression of interest from investment bankers, owners/owner's representatives for acquisition of coal assets abroad.

(c):CIL has adopted provisions of Rs. 35,000 crores for acquisition and development of coal assets abroad to be spent in 5 years during the XII Plan period. Out of the aforesaid amount Rs. 10,000 crores has been allotted for exploration and development of coal blocks and creation of logistic infrastructure in Mozambique while the balance Rs.25,000 crores has been kept for acquisition and development of coal blocks in other countries like South Africa, Indonesia, Australia, USA, Columbia etc .

(d):Government of India has brought out a policy guidelines on acquisition of RAW MATERIAL assets by Central Public sector Enterprises (CPSEs) in Oct 2011. The Board of Directors of CIL in its 251st meeting has adopted this policy for implementation. CIL will follow the guidelines suggested in the policy document and will ensure free and fair dealings.